

Supplemental Request Justification

Department of State,
Foreign Operations,
and Related Programs



FISCAL YEAR 2014

This page intentionally left blank.

Supplemental Request Justification

Department of State, Foreign Operations, and Related Programs

Contents

Department of State and USAID

Economic Support Funds

<i>Of which, Prosperity</i>	1
<i>Of which, Governance</i>	3
<i>Of which, Security</i>	4

Department of State

Diplomatic and Consular Programs	6
--	---

Overview

The number of unaccompanied children (UC) crossing into the United States, primarily from Central America, continues at historically high levels. It is in the national interest of the United States to increase the capacity of Central American governments to receive returned migrants and to increase assistance to address the root causes of migration. The region is free from armed conflict, relatively stable politically, and benefits from a Free Trade Agreement with the United States. However, the region's ineffective institutions are contributing to weak governance, the highest homicide rates in the world, economic stagnation, and entrenched organized criminal activity; all of which contribute to out-migration.

The request for Central America includes the resources necessary to begin more fully addressing the lack of economic opportunity, extreme violence, and weak, ineffective state institutions that have resulted in serious irregular migration from the region, largely people in Honduras, El Salvador, and Guatemala. The request is also intended to emphasize that the entire Central America region—including Belize, Panama, Nicaragua, and Costa Rica—suffers from severe anti-competitive disadvantages. Among the concerns that lead to UC migration are weak job creation, lack of basic educational opportunity, high energy costs, low investment in vocational education and training, inadequate regulatory environments for the private sector and entrepreneurs to flourish, declining rural incomes, ineffective use of limited public sector resources, and slow progress towards the economic integration that could assure the region's future collaboration with the United States and its North American partners.

Working across the U.S. government interagency and with our regional partners, additional assistance will provide critical economic and commercial opportunities, security improvements, and institutional strengthening. With our partners, we share a common goal of ensuring the citizens of El Salvador, Guatemala, and Honduras, as well as other countries in Central America, are able to live in safe and secure communities, grow up free from fear and violence, have access to educational and job opportunities and be treated with transparency and dignity. Achieving

this goal requires sustained U.S., regional, and international support over the short to long-term and is necessary to begin addressing heavy migration flows into the United States.

The request for Central America is divided into three priority areas: prosperity, governance, and security, which would be financed with the funds requested as Economic Support Funds, or transferred to appropriate other accounts. Without greater attention to all three areas we are unlikely to make material progress in stemming the flow of unaccompanied children from Central America to the United States.

Summary Table – Supplemental ESF Request Levels

(\$ in thousands)	FY 2013 Actual	FY 2014 Estimate	FY 2014 Supplemental Request	FY 2014 Revised Total
Economic Support Funds	5,867,473	4,589,182	+295,000	4,884,182
<i>Of which, Western Hemisphere</i>	<i>447,503</i>	<i>456,159</i>	<i>+295,000</i>	<i>751,159</i>

Prosperity: \$125.0 million

Energy: (\$15.0 million, State)

Energy programs will support a range of technical assistance and will establish a finance hub for private sector investments. Programs will increase access to affordable and reliable energy, which will improve economic development, investment, and business competitiveness. Access to electricity is a key driver of economic inclusion – in Honduras, for example, over two million people have no electricity and this group cannot reasonably participate in a modern economy. The other source countries, especially in rural regions, similarly lack access to electricity. Regulatory reform and financing will increase investments in energy infrastructure. A number of countries in the region are dependent on unsustainable energy agreements with Venezuela and could benefit from targeted debt restructuring assistance. Assistance will work to remove regulatory, legal, and political obstacles for much needed participation of Colombia and Mexico directly in the Central American market.

Improved Income Opportunities (\$10.0 million State and \$25.0 million USAID)

Poverty and lack of economic opportunity have been reported as critical “push” factors in the migration of youth. Many Central American households face dire circumstances, with 37 percent of the population in Honduras, 22 percent in El Salvador, and 16 percent in Guatemala living on less than \$2.50 per day. Additional economic growth resources are essential to provide alternatives to migration and the informal or illicit activity that threaten security and undermine governance. Applying market-based approaches, new programs will promote small businesses, including partnerships with the private sector, to link local producers and enterprises to buyers and strengthen participation in value chains. It will also create new jobs. Programs will increase productivity by providing access to financial services, including credit and banking services, and working with local governments to improve the business enabling environment. Assistance will promote local economic development, small business centers, entrepreneurship, and access to capital to support increased income for local households and job creation. Programs will complement separate efforts to improve job skills among target populations, such as at-risk youth.

Rural Coffee Farmer Income Support (\$40.0 million, USAID)

Central America’s economically critical coffee harvest has been decimated recently by a fungus (“coffee rust”) that has reduced the incomes of thousands of small-scale rural farmers. The coffee rust outbreak has already caused more than \$1 billion in economic damages and could trigger job losses exceeding 500,000. This dire threat to rural livelihoods may cause farmers and the extended families they support to consider migration as a rational option. This program will support small-scale coffee farmers and allow the industry to work towards insulating itself from the coffee rust fungus in the future, with the aim to protect the current livelihoods of small-scale farmers.

Workforce Development (\$20.0 million, USAID)

The World Bank notes that over half of the labor force in Central America is under 35 years old and that 30 percent of urban youth in Central America are neither in school nor working. Educational and training systems in Central America do not adequately prepare the workforce with the hard and soft skills demanded by prospective employers. Without market relevant skills, individuals struggle to find economic opportunities within the licit, formal economy and may turn to illicit activity or migration as alternatives. Improving skills among workers is an important need, as 47 percent of the unemployed in El Salvador have a primary education or less. In Guatemala this figure is also 47 percent and in Honduras 31 percent. By engaging with local educational, training, and private sector actors, programs will provide targeted populations with in-demand skills. Programs will expand ongoing assistance to at-risk youth and widen to include other vulnerable populations. Assistance will also ultimately increase the tax revenue governments need - and currently lack - to provide basic services.

Improved Customs and Border Controls: (\$15.0 million, State)

With relatively small economies and multiple border crossings to reach large markets, Central American countries cannot realize their full economic potential without significant integration of their markets. Assistance will target customs/border integration, modernization of infrastructure, and streamlined single window processes for trade. Central America's borders are simultaneously porous, allowing for the free flow of illicit trade and migration, and seemingly impermeable, frustrating the licit flow of goods; incompatible customs regimes, and insufficient equipment and border personnel slow licit regional trade. Improved customs and border controls would both stem the flow of illicit migration and promote regional connectivity and prosperity.

Governance: \$70.0 million

Public Financial Management and Fiscal Reform: (\$25.0 million; USAID)

Historically, Central America has had a low level of tax collection and suffers from corrupt and anti-transparent practices, further straining their ability to address the complex root causes that drive migration. For example, tax collection in Guatemala is roughly 11 percent of GDP, as compared to a regional average of nearly 20 percent of GDP. Capitalizing on increasing political will to improve public financial management, programs will professionalize budget and expenditure practices, improve tax administration, and establish anti-corruption mechanisms. Programs aim to expand domestic resources and improve the management of public expenditures, including by reducing the misuse of funds, corruption, fraud and financial errors. Modeling successful programs in Colombia and now in Honduras, assistance will also seek to promote security tax initiatives to finance on-going prevention and law enforcement efforts.

Strengthen the Judiciary's Independence, Transparency, and Accountability: (\$30.0 million USAID and \$15.0 million State)

Central American countries are characterized by high levels of impunity and corruption, driving citizen distrust of government generally, and the judiciary in particular. Redoubled efforts to strengthen the judiciary and increase case closure rates will provide a deterrent to criminal organizations over time, while resulting in improved citizen security and increased trust in government institutions. Additional funding will allow USAID to develop new 24-hour courts in Honduras and El Salvador based on the model in Guatemala's 24-hour courts; build on new signals of political will to re-engage on implementation of criminal procedure codes, provide assistance for professional judicial and legal career tracks; broaden the roll-out of new law school curricula supporting new reforms, and promote adoption and implementation of codes of ethics and conduct for legal profession. USAID will also greatly increase access to justice, legal and related social services in areas of high crime, as well as those with limited government presence through new *Casas de Justicia* (justice houses) and mobile court facilities. Based on best practices developed with analogous justice reform efforts in the region, funds may support subject matter experts in court administration and legal education to work directly with national law schools, Ministries of Justice and the Courts, as relevant. Advisors may develop standardized curricula and professionalized career tracks, which reward strong attorneys and judges with transparent, merit-based advancement and responsibilities. Assistance may also support mobile court projects designed to expand access to justice in remote and rural communities throughout Central America.

Security: \$100.0 million

Expand Community-based Programs to Reduce Youth Crime and Violence (\$25.0 million, USAID)

High crime and violence, including fear of gang recruitment tactics, have been reported as among the primary root causes for recent migration of minors from Central America. Current estimates of gang membership in the region range from 70,000 to 120,000 active members. Additional assistance is urgently needed to deter at-risk youth from gang involvement and decrease the potential negative peer influence and threats that many innocent youth feel from active gang members. New programs will include a rigorous juvenile justice component to reinsert youth in conflict with the law back into society as a means to reduce the influence of gangs and other criminal networks. USAID programs will be modeled on intervention and reinsertion programs that have proven vital and effective at improving security in cities like Los Angeles, Boston, Medellin, and Rio de Janeiro. Additionally, USAID assistance will continue to support community-based policing efforts, intervention programs to decrease gang violence, the establishment of crime observatories, and support to victims of crime and violence in these countries. A major push will be made to reassert state presence in high crime areas by removing barriers to community-police cooperation and increasing community resiliency by assisting local actors develop a common approach to security in their neighborhoods that changes perceptions of security and behavioral norms.

Prison Reform and Assistance: (\$13.0 million, State)

Central American prisons are ineffective and overcrowded. Gangs often control the inner operations and have power over official security guards. Historically, prison institutions have extremely limited capacity. New programming will aim to strengthen judicial institutions that deliver justice to criminals and increase the capacity of these countries to secure fugitives, develop a classification system, and establish adequate measures and safeguards to diminish the risk of internal violence. Programs will also include creation of regional prison standards and professionalization of prison-related career tracks.

Expansion of National Police Capacity and Capabilities: (\$25.0 million, State)

Homicide and crime rates have declined in El Salvador and Guatemala in the current model police precinct areas and where USAID and INL community policing efforts are underway. Replicating these efforts in additional communities throughout the region will address the high levels of violence driving many minors to migrate. Additional assistance will strengthen the model police precincts in Honduras and expand community-based policing efforts. Assistance will promote effective police reform, ensuring that reform efforts raise performance standards and ethical behavior, reduce the homicide rate and impunity, and diminish the impact of narcotics traffickers and other organized crime networks, including gangs. Programs will target the creation or bolstering of existing internal affairs units in the national police, as well as training curricula specific to the protection and reintegration of unaccompanied children. Funding for improved and expanded anti-gang training will enable more effective operations against gangs and extortion, which are key fears cited by unaccompanied children and other migrants.

Improve Capacity to Counter Transnational Criminal Organizations, Smuggling Networks and Counter-narcotics Trafficking: (\$17.0 million, State)

Vetted-units have worked with U.S. law enforcement to investigate and conduct operations against TCO networks, with high-profiled successes in the region. Additional funds will expand these units and/or create new units in target countries to focus in particular on the human trafficking networks that move migrants, particularly minors. Programs will also focus on assistance to bolster each country's attorney generals' offices to more effectively prosecute criminal organizations and diminish the lawlessness in the region. Up to \$7 million of the request would support the wide range of DOJ programs in the region, including vetted units, Regional Legal Advisors and Senior Law Enforcement Advisors.

Provide Repatriation Assistance: (\$20.0 million, USAID)

The current reception process for returned migrants in Central America – notably those in Guatemala, Honduras and El Salvador – hinder the ability of the governments to receive the significant number of migrants returned each year, causing backlogs in U.S. detention facilities. These requested funds are based on initial assessments of the necessary costs to improve the repatriation capacity to return an additional 2,700 people per week at each of the four locations. The \$20 million estimate may change as USAID, working with other agencies, refines the assessment. Any adjustment to the repatriation funding amount would be made within requested totals. Additional assistance may include increasing their capacity to process additional returnees in order to allow for an increase in return flights per week and immediate arrival assistance to repatriated family-units. Moreover, assistance will enhance the capacity of NGOs and the social service agencies of the host governments to support vulnerable returnees, particularly minors and family units. Assistance will also expand the services they offer, including residential support while families are processed, to ensure their personal safety. Protection measures are needed to ensure that vulnerable returnees are not sent back to the dangerous situations from which they might have fled.

FY 2014 SUPPLEMENTAL APPROPRIATIONS JUSTIFICATION

DEPARTMENT OF STATE

DIPLOMATIC AND CONSULAR PROGRAMS (D&CP)

RESOURCE REQUEST SUMMARY

(\$ in thousands)

Appropriation	FY 2014 Supplemental
President's Budget, FY 2014 Supplemental	
Diplomatic and Consular Programs	5,000
Western Hemisphere Affairs	5,000
Total, President's Budget, FY 2014 GWOT Supplemental	5,000

Diplomatic and Consular Programs: \$5,000,000

This FY 2014 supplemental Diplomatic and Consular Programs budget request provides \$5.0 million for the Bureau of Western Hemisphere Affairs to support State Department media campaigns and public diplomacy outreach in Mexico, Guatemala, El Salvador, and Honduras, targeting potential unaccompanied child migrants and their families. The funding would be allocated among the following activities:

Youth Programs in Guatemala, El Salvador and Honduras: \$4,000,000

These programs would develop skills and leadership among potential migrants and repatriated returnees 16-18 years old, in order to strengthen their ability to remain in their home countries. This age group constitutes 84 percent of the UC flow into the U.S. These programs would address a core 'push' factor drawing UCs to the U.S. and strengthen our diplomatic and assistance efforts with Central American countries to build their capacity to receive returned children and address root causes of the migration.

Specifically, the programs would include short-term, targeted training with an emphasis on leadership skills and entrepreneurship. In many cases, they would include linkages to the private sector ideally to American companies operating abroad, to generate internships as a pathway to permanent jobs. The focus would be on a sustained experience in-country, creating ties to the community and providing bankable skills, best practices from American know-how and opportunities in the home countries. WHA would leverage our network of Binational Centers

(BNCs) as the venues for this training. This funding would include up to eight new locally employed staff positions, and their associated support costs, to manage the initiative.

Media campaigns in Mexico, Guatemala, El Salvador, and Honduras: \$600,000

U.S. embassies in El Salvador, Guatemala, Honduras and Mexico will conduct extended USG-branded campaigns targeted to those communities from which the majority of unaccompanied children originate. These campaigns will include images and vocabulary familiar to local communities to ensure maximum impact. Messages will stress dangers of the journey (illustrated whenever possible by specific cases), compassionately acknowledge the security and economic challenges families face, communicate hope, by complementing existing USAID and State messaging on short- and long-term projects to improve security and economic conditions in El Salvador, and emphasize the lack of immigration benefits available to UCs.

Foreign media tours of the border zone/DHS facilities: \$200,000

These funds will pay for border reporting tours for journalists from the region, focusing on facilities and services for UCs, as well as the U.S. policy message on lack of immigration benefits for newly arrived migrants. Posts advise that without State Department support, most foreign reporters from the region will not have access to DHS/FEMA facilities, affecting their ability to produce accurate, balanced stories.

Public Affairs Officer Managing UC Issues: \$200,000

These funds would pay for up to one year of contracted support for a media professional with Spanish fluency to handle all UC-related press issues, including media tours, press interviews, and all media relations. This person would be posted in Washington, DC, in the Bureau of Western Hemisphere Affairs' Office of Public Affairs & Public Diplomacy. The primary interlocutors would be media based in Central America and Mexico which serve their domestic audiences.